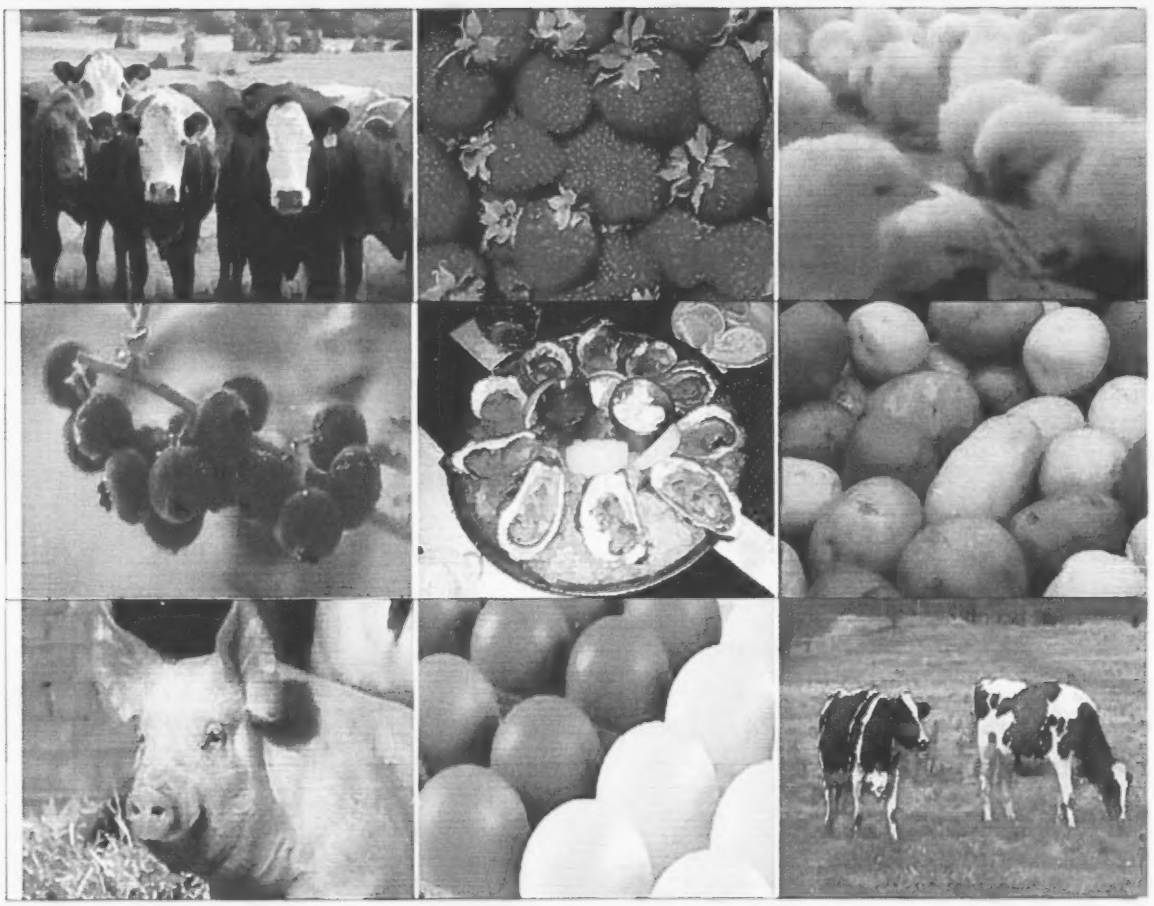
Prince Edward Island Marketing Council Annual Report 2013



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LETTER TO THE MINISTER

February 28, 2014

The Honourable George Webster,
Minister of Agriculture and Forestry

It is indeed a pleasure to submit Marketing Council's Annual Report to you for the year ended December 31, 2013 as required under subsection 2(11) of the *Natural Products Marketing Act*.

The report also contains brief summaries on the structures and activities of active commodity boards, commodity groups and the Natural Products Appeals Tribunal created under the *Act*.

Additional copies of the report are provided so you can transmit the report to the Legislative Assembly during the next session as required under subsection 2(11.1) of the *Act*.

After a flurry of activity early in 2013 assisting the PEI Strawberry Growers Association gain commodity group status Council activities leveled off to a normal level of activity during the balance of 2013. Council was not as active with the dairy industry, as in previous years, but still continued to keep up to date on many dairy industry discussions such as milk allocation and trade.

The dairy processing industry experienced more consolidation and mergers in 2013. This is seen as a move to strengthen milk processing capacity in the Maritimes. Council continues to discuss milk allocation issues with the dairy industry and the quota allocation issues with the chicken industry however, the three supply managed commodity boards, dairy, eggs and poultry, continue to operate under regional and national agreements which do not require a high degree of Council oversight.

We are pleased to report that one training session has been held with our newly appointed Council member and all other Council members are fully versed on the *Act* and regulations that govern organizations created under the Act, and on the important issues facing these organizations. In our opinion, Council is carrying out its supervisory and other responsibilities in a timely and efficient manner.

Respectfully submitted on behalf of Marketing Council,

Gordon MacBeath, Chair;	Allister Veinot, Vice-Chair
Michael Carmichael, Member	Jean Clark, Member
Derwin Clow, Member	Guy Cudmore, Member
Calvin Jollimore, Member	Layton Wallace, Member

MARKETING COUNCIL

2013 ANNUAL REPORT

Introduction

Pursuant to section 2(11) of the *Natural Products Marketing Act, R.S.P.E.I. 1988 Cap. N-3*, each year Marketing Council is required to present a report on Council's activities to the Minister responsible for the *Act*.

The *Act* also requires that a copy of the report be transmitted to the Legislative Assembly when in session or within fifteen days of the commencement of the next regular session of the Legislative Assembly.

The following report highlights activities of Marketing Council and the Appeals Tribunal for the period from January 1, 2013 to December 31, 2013. This report also highlights important events that have occurred since that date and includes Activity Reports of commodity boards, marketing commissions and commodity groups formed under the *Act*.

Several years ago, Marketing Council completed a Strategic Plan which it continues to use to guide its focus and activities. The Plan contains the following Mission Statement and Vision.

Mission Statement

Acting on behalf of the people of Prince Edward Island, Marketing Council supervises the creation and operation of producer boards, commissions and groups that regulate and control the production, sale, processing, marketing, transportation and pricing of natural products.

Vision

The Prince Edward Island Marketing Council is a forward-thinking, pro-active, efficient and accountable public agency that oversees orderly systems for the production and marketing of natural products.

Corporate Governance

Authority - The Prince Edward Island Marketing Council is a statutory body established pursuant to section 2 of the *Natural Products Marketing Act, R.S.P.E.I. 1988, Cap. N-3*. Under the *Act*, Council has very broad and far reaching powers, some of which include:

General Powers – Council may exercise such powers and perform such functions as are vested in it by the Lieutenant Governor in Council, and shall recommend to the Lieutenant Governor in Council the establishment, amendment and revocation of plans for the marketing of natural products and the constitution and powers of commodity boards or of marketing commissions to administer such plans.

Supervisory Responsibilities – Council is responsible for the general supervision of commodity boards, marketing commissions and commodity groups established under the *Act*.

Composition – Under subsection 2(1) of the *Natural Products Marketing Act*, Council shall consist of no fewer than three persons and not more than eight persons appointed by the Lieutenant Governor in Council. At year end, Council consisted of:

Name	Position	Location	Primary Interest
Gordon MacBeath	Chair	Marshfield	Dairy
Allister Veinot	Vice-Chair	Avondale	Sheep & Organics
Jean Clark	Member	Kinkora	Consumer
Derwin Clow	Member	Freetown	Dairy
Guy Cudmore	Member	Winsloe	Potatoes
Michael Carmichael	Member	Albany	Dairy
Calvin Jollimore	Member	French River	Aquaculture
Layton Wallace	Member	Cascumpec	Potatoes

Membership Changes – In 2013 John Sullivan retired from Marketing Council and Calvin Jollimore was appointed to represent the aquaculture sector.

Meeting Attendance – Marketing Council has always achieved a very high attendance rate. Calendar year 2013 was no exception with an attendance rate of 85%.

Staff – In 2013 Marketing Council staff consisted of Ian McIsaac, Secretary & General Manager on a 60% time basis along with his 40% time responsibilities working with the AgriStability Program. Murray Myles continued to provide advice to Council and Mr. McIsaac under a Professional Services Contract (40% time) entered into with the Department of Agriculture and Forestry. Mr. Myles also provided the Minister with advice on supply managed commodities. Mr. Myles formally retired from Marketing Council at the end of March 2013.

On behalf of Council, I would like to express our thanks to Murray for his exemplary service to Council over the past nine years and wish him a very rewarding retirement.

Additional administrative support services were provided to Council by Agricultural Insurance Corporation and Department of Agriculture and Forestry staff as required. Cindy Lewis, Kerry Ellen Nantes and Carla Buchanan have all provided Marketing Council with valued assistance during the year.

In October 2013, due to the relocation of the Agriculture Insurance Corporation to Kensington, the Marketing Council office was moved to the Farm Centre at 420 University Avenue in Charlottetown.

Meetings/Focus – Council held five (5) meetings during the year. Council's main focus continued to be monitoring activities of commodity boards and commodity groups to ensure they are in general compliance with the *Act* and their Regulations.

Operational Responsibilities

Monitoring and Supervision

One of the most important responsibilities Marketing Council has is monitoring and general supervision of commodity boards, marketing commissions and commodity groups formed under the *Natural Products Marketing Act*.

Monitoring activities include reviewing reports that highlight commodity board minutes, annual reports, audited financial statements and other material received from boards. Council representatives also attend annual and other meetings of commodity boards and commodity groups as required.

Council was responsible for monitoring and supervising the following six commodity boards and three commodity groups during the past year. Although regulations are in place for a Turkey Marketing Commission, the Commission is inactive.

Commodity Boards

Chicken Farmers of Prince Edward Island
Dairy Farmers of Prince Edward Island
Egg Producers of Prince Edward Island
Prince Edward Island Cattle Producers
Prince Edward Island Hog Commodity Marketing Board
Prince Edward Island Potato Board

Commodity Groups

Prince Edward Island Oyster Commodity Group
Prince Edward Island Strawberry Growers Association
Prince Edward Island Wild Blueberry Growers Association

Marketing Commissions
Turkey Marketing Commission (inactive)

Monitoring and Supervision Highlights

Following are highlights of Council's activities during calendar 2013.

Activity Reports

The Council Secretary & General Manager reviews and prepares Activity Reports for Council summarizing each document received from a commodity board or group. Documents reviewed during the past year include minutes, board orders, agreements, audited financial statements, annual reports and material related to federal-provincial agreements discussed at the national meetings.

Particular emphasis is placed on member attendance and participation in discussion at meetings, understanding of, and response to, industry issues, proper preparation and approval of minutes, decisions and board orders, board review of unaudited financial statements at least on a quarterly basis, participation in provincial, regional and national organizations and committees.

Ratification of Board Orders

During the year, Council ratified twenty-two board orders for publication in the Royal Gazette. Board Orders regulate and control various aspects of the production and marketing of a commodity based on powers conferred on a board by the Lieutenant Governor in Council. At the end of 2013, commodity boards created under the *Act* had the following number of orders in force:

Commodity Board	**# Orders**
Chicken Farmers of PEI	6
Dairy Farmers of PEI	23
Egg Producers of PEI	12
PEI Cattle Producers	1
PEI Hog Commodity Marketing Board	3
PEI Potato Board	7
Total Number of Active Orders	**52**

Commodity Board Elections

The Marketing Council Secretary & General Manager acts as Returning Officer for elections held by commodity boards required to hold mail-in-votes. During 2013, mail-in-votes were conducted to fill the following commodity board vacancies:

Commodity Board	**Vacancies Filled**
Dairy Farmers of PEI	4
Egg Producers of PEI	2
PEI Cattle Producers	2
PEI Potato Board	4
Total Vacancies Filled	**12**

Chicken Farmers of PEI and the PEI Hog Commodity Marketing Board conduct elections during the annual or special general meeting.

Appointments to Commodity Boards

Marketing Council has the authority to appoint registered producers to fill vacancies on commodity boards where an elected producer is unwilling or unable to serve.

The power to fill vacancies is normally exercised when only one registered producer expresses an interest in filling a vacancy. Generally, an election will be held when more than one producer expresses an interest in filling a vacancy.

During 2013, Council appointed Mr. Kenneth MacEachern to fill a vacancy on the PEI Cattle Producers Board. Council also appointed Mr. Charles Murphy to fill the seed position on the Potato Board for the Montague/ Souris District.

Other Activities

During calendar 2013, Marketing Council also:

1. Created a list of potential mediators and arbitrators to resolve contract disputes between the Potato Board and potato processors.

2. Participated in meetings with the PEI Cattle Producers and the Maritime Beef Council to discuss areas of common concern regarding levies and licensing of cattle buyers and sellers.

3. Participated in discussions with the National Association of Agri-Food Supervisory Agencies (NAASA), an organization comprised of provincial and federal supervisory organizations and the Canadian Dairy Commission.

4. Monitored trade agreements such as the WTO, NAFTA, AIT and bi-lateral trade discussions Canada is holding with other countries, such as the Comprehensive Economic and Trade Agreement (CETA) with the European Union and the Trans-Pacific Partnership (TPP). When the CETA announcement was made, Council met with Government and Industry officials to discuss the possible effects on Island producers and processors.

5. Worked with the PEI Wild Blueberry Growers Association to change their fiscal year end and update their Bylaws to bring them into compliance with their reporting requirements under the *Act*.

6. Reviewed changes to Part II of the Agreement on the Eastern Canadian Milk Pooling, which allows milk producers in Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island to share market revenues and market adjustments (quotas).

7. Council participated in several meetings with representatives of strawberry growers from Quebec and Island strawberry growers who were interested in setting up a new Strawberry Growers commodity group on PEI to assist in local product promotion and national production research. Council worked with Island growers to get that commodity group established culminating with a Ministerial Designation in June of 2013.

8. Council met with Farm Products Council of Canada (FPCC) Chair M. Laurent Pellerin and a staff member to discuss areas of interest as well as ongoing efforts to solve challenges within the supply managed and non supply managed commodity production systems. There are forty plus agencies that must report annually to FPCC. Reporting rules will change in 2014 whereby these agencies will be required to provide more timely and accurate information to FPCC on cost of production and pricing.

9. Council met with a representative from the PEI Fisherman's Association and on a second occasion representatives of the Department of Fisheries to discuss options which may be available through the *Natural Products Marketing Act* to assist lobster fishers to implement a method whereby fishers could implement a levy to raise some money to use for product promotion.

10. Council reviewed the Dairy Farm Inspection/Raw Milk Quality Inspection Submission which was forwarded to the FPT Dairy Technical Equivalency Committee. Each province is expected to meet technical standards of the program. Some work was completed with PEI Analytical Labs to ensure our standards meet accepted requirements. P.E.I. has several small areas that have yet to be addressed before it can meet the standards. Program standards apply to all dairy animals but PEI's submission only mentions the bovine species. Responsibility for non-bovine dairy animal inspections and raw milk quality testing (goats, sheep) has yet to be determined.

11. Council worked with the PEI Potato Board to draft amendments to the Potato Marketing Plan Regulations to allow a producer at large to represent a district where he/she is not a resident. These changes were forwarded to Cabinet for approval and the Regulations were amended.

PRINCE EDWARD ISLAND
NATURAL PRODUCTS APPEALS TRIBUNAL

Statutory Responsibility
The Natural Products Appeals Tribunal is a statutory body established pursuant to section 18 of the *Natural Products Marketing Act, R.S.P.E.I. 1988, Cap. N-3.*

The Tribunal is responsible for hearing appeals of orders, directions or decisions made by commodity boards and marketing commissions and of orders, directions or regulations made by Marketing Council.

Composition and Staff
At December 31, 2013, the Natural Products Appeals Tribunal consisted of the following members and staff:

Donald Drake, Member
Nelson MacKinnon, Member
Brian Morrison, Member

Jerry Gavin, Secretary

Appeal Activity
For the year ending December 31, 2013, there were no appeals before the Natural Products Appeals Tribunal.

Dairy Farmers of Prince Edward Island

Mandate/Powers – The powers of Dairy Farmers of Prince Edward Island are found in section 2(3) of Dairy Farmers of Prince Edward Island Regulations. This section vests in the Board the powers necessary for it to effectively promote, control and regulate the marketing of milk within the province, including the power to prohibit any aspect of the marketing of milk. The Board has also been delegated federal powers to regulate the marketing of milk in interprovincial and export trade under the *Agricultural Products Marketing Act* (Canada).

Dairy Farmers of Prince Edward Island is participating, with its partners, in the Agreement on Eastern Canadian Milk Pooling (P5) to jointly administer producer quota policies. A committee of the P5 provinces (PEI, ON, QC, NB & NS), makes recommendations on producer quota issues to the provincial boards, which retain the power to implement the policies.

Board of Directors and Staff – on December 31, 2013 consisted of the following:

District Directors		
West Prince:	Harold MacNevin, Chair,	One Seat Vacant
Summerside:	Ronald Maynard, Secretary;	Ranald MacFarlane
Charlottetown:	Jeff Weeks, Vice-Chair; Exton MacPherson	Bloyce Thompson;
Montague-Souris:	Kent MacDonald,	Jayne MacDonald
Management Staff:	Douglas Thompson, General Manager	

Industry Statistics – On December 31, 2013 there were 11,064.99 daily kilograms of butterfat quota issued to 184 active producers, representing a decrease of 9 producers or 0.99% compared to the same date a year earlier.

During the 2013 fiscal year (ended November 30, 2013), PEI dairy farms produced 102.748 million litres of milk generating farm gate receipts, net of transportation costs and levies, of $80.18 million, an increase of approximately $1.11 million dollars or 1.38% compared to the same period one year earlier.

Activities –During the year, the Board:

⇒ administered producer quotas, including the quota exchange, lease exchange and lease contracts;
⇒ administered policies for the production and transportation of raw milk;
⇒ administered policies for the licensing of transporters, bulk milk graders/transport vehicle operators, fluid milk distributors and dairy plants;
⇒ performed milk component test conversions for producers;
⇒ responded to interprovincial milk movement obligations;
⇒ established producer milk prices and minimum wholesale and home delivery fluid milk product prices;
⇒ administered the Canadian Quality Milk on farm food safety program;
⇒ established bulk milk transportation rates; and
⇒ participated on numerous provincial, regional and national committees.

EGG PRODUCERS
of Prince Edward Island

Egg Producers of Prince Edward Island

Mandate/Powers – Section 39 of the Egg Commodity Marketing Regulations confers on the Board the powers to promote, control and regulate the marketing of eggs within the province, including the power to prohibit any aspect of the marketing of eggs. The only powers in the *Act* not conferred on the Board are those found in subsections 4(3) (r), (s) & (t). The Board has also been delegated federal powers to regulate the marketing of eggs in interprovincial and export trade under the *Agricultural Products Marketing Act* (Canada).

Board of Directors: At December 31, 2013, the Board of Directors consisted of John Dennis, Chair; Ian Simmons, Vice-Chair; Nathan Burns, Secretary; Leith Murray, EFC Director and Peter Stavert.

Management Staff: Michael Cummiskey is the Board's General Manager, Julie McCarron is Office Administrator and Janis MacKay is Promotion Coordinator.

Industry Statistics – Seven (7) producers were registered with the Board at year end. Quota issued or available to registered producers was for 132,537 layers. Farm Gate Receipts from registered producers during 2013 is estimated to be $6.74 million compared to $6.33 million during 2012, an increase of 6.48%. A small block of quota, 414 layers, was sold on the September quota exchange.

Of the 3.4 million dozen eggs marketed during 2013, 48.8% were consumed provincially as table eggs and the remaining 51.2% were exported to Quebec and Ontario for processing. During the year, grading stations imported 139,725 dozen eggs to supply the table market, a decrease of 91,065 dozen or 39.5%.

Registered egg farms are rated on a HACCP basis for their Start Clean-Stay Clean (SCSC) Program, Food Safety and the Egg Farmers of Canada Animal Care Program. Scores achieved by producers during an independent SCSC inspection are used to determine the compensation producers will receive for eligible losses in the event a flock must be destroyed due to a human health risk associated with salmonella enteritidis (Se). Commercial pullet farms and registered egg farms have their egg laying environments tested for Se once and twice respectively per laying cycle.

The Egg Producers of Prince Edward Island continue to purchase administrative support services from the Dairy Farmers of Prince Edward Island.

Activities – The Board was involved in the following activities during the year:

- held six face to face board meetings in order to discuss and make recommendations on national, provincial, and producer issues;
- participated in the Egg Farmers of Canada (EFC) meetings and its committees;
- established producer, spot and wholesale egg prices;
- allocated and administered producer quotas, including a quota exchange;

- collected and made levy payments to EFC on behalf of registered egg producers;
- purchased and sold surplus egg from registered egg grading stations;
- participated in the Canadian Egg Industry Reciprocal Alliance (CEIRA), a poultry insurance program for Se, which provides coverage for birds from breeder flocks to spent hens;
- facilitated and compensated the movement of Nest Run eggs between the two egg grading stations when eggs were required for the table market, and
- participated in various promotion activities and attended various venues throughout the year in order to increase consumer awareness and the benefits of egg consumption.

Mandate – The Prince Edward Island Cattle Producers received its powers in January 2007 under the Cattle Marketing Board Regulations. Prior to that date, cattle producers were represented by the Prince Edward Cattlemen's Association Inc., which was originally designated a commodity group under Part III of the *Act* on August 18, 1982.

The PEI Cattle Producers (PEICP) will hold their Annual Meeting in March, 2014. Following this meeting the new Board comes into effect. Board members include Brian Morrison, Jeremy Stead, Sterling Jay, David McCloskey, Kenneth MacEachern and Derrick Annema. Ex-Officio Director, Ranald MacFarlane represents Dairy Farmers of PEI. Rinnie Bradley is the Executive Director.

In April of 2013 the PEICP launched its third PEI Burger Love campaign. This was established to raise the awareness of the importance of the PEI beef industry to agriculture and to PEI in general. This social media campaign saw an increase in all aspects of the campaign from the previous year. Thirty-one restaurants sold over 46,204 hamburgers during the month of April. The 2013 PEI Burger Love's most loved burger was won by the Smokin' Fox, from Phinley's Diner, a first time participant in the campaign.

Amanda Miller continues to deliver the Verified Beef Program (VBP) in the Atlantic Provinces. She provides information and direction on the VBP by offering group workshops on-farm or through an on-line version. We are pleased to announce that there are four producers in PEI, and one in NB who have been fully audited and are registered VBP producers in the Atlantic region. Amanda continues to offer technical support for producers wanting to age verify animals or to create "birth certificates" for them.

Amanda is also working with the Department of Agriculture to collect producer applications for Premise IDs. To date, there have been approximately three hundred and fifty Premise ID numbers issued to beef farms in PEI.

The PEICP is a member of the Maritime Beef Council (MBC). The MBC represents the three Maritime cattle organizations on various issues. Quarterly meetings were held throughout the year. The annual meeting took place on July 31, 2013. The MBC hosted a Traceability Forum on January 23, 2013. Participants involved in traceability from across the country came together at the Nappan Pavilion to discuss what has been done with regards to traceability, and to identify actions that need to be taken in order to meet approaching requirements.

A regional research users meeting was held on April 25, 2013 in conjunction with the dairy industry to identify areas requiring research that relate to ruminant feeding systems. A report on the findings is being compiled by Agriculture and Agri-Food Canada who were also participants in the forum. A Harmonized Levy Collection Project has also been implemented by the MBC to find a comprehensive levy system that will be easy to administer and simplify collection of levies in all three Maritime Provinces.

The PEICP had two of its programs eliminated when the provincial budget was announced last spring. The Beef Development Fund provided money to cover the beef sector's share of on-farm dead stock removal. This program also provided funding for some promotional projects lead by the PEICP. The Beef Industry Initiative provided funding for producer programs such as Premium Sires and Herd Health. While both were eliminated, we are happy to report that a similar producer program has since been re-established under Growing Forward II funding.

The issue of on-farm dead stock removal is another matter. After intense consultations, the PEICP was left with no choice but to try to meet its obligations and implement an annual billing system for the beef industry. This service will be cost shared with the province and with the diary industry. $150,000.00 per year in dead stock fees must be collected by the PEICP in order to meet its obligations to Maritime Pet Foods Inc., the dead stock service provider.

Atlantic Beef Products has been consistently slaughtering between 250-300 head per week. They have had weeks where they have processed 400 head. They hope to continue this upward trend as they are successfully marketing everything they can produce.

In May, the PEICP and the Culinary Alliance launched a new brand called *Prince Edward Island Certified Beef*. This product is gaining in popularity both in the marketplace and with producers. This premium brand will see producers rewarded when they meet all brand requirements.

A Humane Handling course was delivered to producers of the PEI Certified Beef brand by Jane Morrigan of Nova Scotia. This practical overview was a great reminder of why we need to keep animal welfare top of mind when considering who our customers are.

Ivan Johnson will be leaving our board this spring; however, he has agreed to continue to represent the PEICP at the Canadian Cattlemen's Association for the next year.

The Board collects a mandatory, non-refundable, levy of $4.00 per head on animals at the time of slaughter. During 2013, $60,089.18 in levies was collected from producers. The cost of running the organization continued to climb as the number of levies collected declined. The Board held a Levy Forum in December to look at the budget and determine if changes in administration were necessary to reduce these costs, or if additional levies needed to be collected. The group that met felt the latter option was the most favourable. They felt their organization was valuable to the industry, and that the costs of running the organization, were fair and offered little if any room for further reduction. The Board will pursue some other avenues of levy collection including the collection of levies on cattle leaving the Island by implementing a levy at the border.

The PEICP looks forward to hosting the CCA Semi-Annual meeting in August 2014. This will be an opportunity to showcase our beautiful Island and the beef industry we support here.

PEI Hog Commodity Marketing Board

Mandate/Powers – The mandate and powers of the Hog Commodity Marketing Board are found in the Hog Commodity Marketing Regulations. Section 40 of the Regulations vests in the Board the powers necessary to enable the Board to promote, control and regulate the marketing of hogs within the province, including the power to prohibit any aspect of the marketing of hogs. The Board has also been conferred federal power to regulate the marketing of Prince Edward Island hogs in interprovincial and export trade under the *Agricultural Products Marketing Act* (Canada).

At December 31, 2013, the board and staff consisted of the following:

Board of Directors

Paul Larsen, Chair
Scott Dingwell, Vice-Chair
Dale Murray, Secretary
Scott Drake, Director
Ian Shaw, Director
David MacKenzie, Director

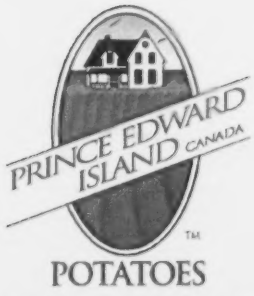
Executive Director – Tim Seeber

Industry Statistics - The Board reported that 22 hog producers marketed just fewer than 62,000 finished hogs during 2013 with a farm gate receipt value of approximately $11.5 million. This is a decrease in numbers of 19% from 2012 and the forecast for 2014 is for numbers to increase to somewhere in excess of 70,000 finished hogs to be marketed. Including breeding stock, isowean, weaner, and feeder pig sales, the 2013 figure was approximately 72,400 head. These figures do not include approximately 1,500 hogs that are processed through provincial establishments annually.

During 2013 the two remaining slaughter facilities in Nova Scotia ceased to process hogs. As a result, 100% of PEI market hogs, handled by federal inspection, go through establishments in the province of Quebec.

With the outbreak of the Porcine Epidemic Diarrhea (PED) virus in the United States in the spring of 2013 the hog market has responded with the strongest fall and winter pricing in recent years due to the loss of upwards of 5 million head due to the disease. With the virus continuing to spread, and no antidote in sight, the pork futures through 2014 project better than normal pricing and combined with lower grain prices due to record production in the USA in 2013 the projected returns for the current year offer an opportunity for producers to deal with some of their accumulation of debt over the last few years. Though the PED virus has yet to be found on a farm in Canada, the current downside of the industry is the increased bio-security costs associated with the need for clean and disinfected trailers. With record high cattle market currently driving beef prices higher the demand for pork is expected to pick up as the year progresses.

Activities – Repayment of the 2008 Severe Economic Hardship loans under the Federal Advance Payment Program continues to weigh heavily on a number of producers still in operation.



PRINCE EDWARD ISLAND POTATO BOARD

Mandate – General and specific authority for the Potato Board to regulate and control the production and marketing of potatoes in Prince Edward Island is found at section 45 of the Potato Marketing Plan Regulations.

Board of Directors and Staff – at December 31, 2013 consisted of the following:

District Directors

West Prince
Darryl Wallace
Daryl Wilkie
Kirk Shea

Summerside
Gary Linkletter, Chairman
Barry Green
David Francis

Charlottetown
Alex Docherty, Vice-Chair
Donald Godfrey
Irwin Jay

Montague/Souris
Owen Ching, Secretary/Treasurer
Charles Murphy
Rodney Dingwell

Management Staff: Greg Donald, General Manager.

Industry Statistics – Approximately 330 farmers grow potatoes on Prince Edward Island. Potato receipts decreased from $195.9 million in the first three quarters of 2012 to $175.9 million during the same period in 2013. Island potato farmers harvested 25 million hundredweight of potatoes from 89,000 acres harvested in 2013, compared to 24.3 million hundredweight of potatoes from 87,500 acres harvested in 2012. The 2013 potato crop was largely average in terms of yield, with yields somewhat limited due to lack of moisture in the summer months. However, tuber quality in general is better for the 2013 crop than it was for the 2012 crop.

Prices for tablestock potatoes are significantly improved from the last marketing year, due largely to less over-supply of potatoes in the Western United States. Movement of PEI Potatoes to the United States and to export markets is significantly ahead of last year's pace and the three year average. Movement to Canadian markets, particularly Ontario, has been below average, due to a large potato crop in Ontario in 2013.

Activities – The Board undertook and/or completed several initiatives in 2013:

⇒ The Board undertook a social media marketing program to promote PEI Potatoes through Facebook, Twitter, YouTube and Pinterest, as well as sending emails to a sizeable consumer email database that the Board has accumulated over the years. This was done utilizing the services of Fresh Media in Charlottetown. Results were very positive, as there are now over 5,000 consumers who "like" PEI Potatoes on Facebook and over 1,800 that follow us on Twitter. The level of engagement with consumers was also very strong, ahead of established benchmarks in social media for similar brands. Additionally, the Board chose to continue their sponsorship of Olympian Heather Moyse. Heather achieved success with the Canadian Women's Rugby Team at the World Championships in 2013 and has been selected to again represent Canada at the 2014 Olympics in Sochi in Bobsleigh.

⇒ Island growers gave an overwhelming rate of approval to the investment of levy dollars in potato research after a series of grower meetings in early 2013. Subsequently, the Board has budgeted up to $100,000 per year for the next five years to contribute to potato research, both provincially and nationally. A Research Coordinator (Ryan Barrett) was hired to manage the research file and work with the Research and Environment Committee to establish research priorities and approve research proposals for Board support. Two one-year projects funded through ADAPT were completed in 2013 and two three-year projects funded by the Provincial Research Fund were approved. Funding has also been budgeted to support the Potato Research Cluster Program through the Canadian Horticultural Council. The single largest concern of Island growers is damage caused by wireworm. Wireworm research was completed in 2013 and more research is planned for 2014 and beyond.

⇒ The processing sector growers had a good year supplying our processing companies with high quality PEI potatoes to make French fries, potato chips, and other products. The Processing Committee has been very active, both in negotiating the contracts and in developing strong relations with processing growers in New Brunswick and Maine. Mediation and arbitration were necessary to settle 2013 contracts with both Cavendish Farms and McCain Foods; as a result, processing growers and the Processing Committee have been working to find ways to improve the relationship with the processors. There was significant forward momentum on these efforts in the second half of 2013.

⇒ Both acreage and the number of varieties grown were increased at the Elite Seed Farm in Fox Island in 2013 in an effort to provide Island growers with more selection and better availability of high quality seed. As well, renovations to the Potato Quality Institute were completed.

⇒ Representatives of the Board were involved with the Action Committee formed following fish mortality events in the Barclay Brook in Western PEI. A report from this Committee was tabled early in 2013. The Board, together with growers in the area, local watershed groups and the Department of Agriculture & Forestry were active in helping to enact many of the recommendations of this report. A substantial number of soil conservation structures were built in the Barclay Brook area in 2013 in an effort to prevent future fish mortalities and water contamination. As well, the Board has been an active partner in the 4R Initiative of the Canadian Fertilizer Institute, which involved partnering in a number of nutrient management trials in Prince Edward Island in the last year.

⇒ The Board and Cavendish Farms were active in discussing the removal of the moratorium on deep water wells for supplemental irrigation with the Provincial Government in 2013. Providing growers with the choice to utilize supplemental irrigation is seen as a potential means to increase per acre yield and quality while being environmentally responsible and sustainable.

⇒ The Board's Marketing Director, Kendra Mills, chaired a National Marketing Working Group to examine the decline of consumption of fresh potatoes (down 48% over 15 years) and investigate ways to increase the marketing of potatoes to consumers, as well as finding a means to finance this marketing on a national basis.

⇒ The Board continued to work with Agriculture & Agri-Food Canada, the Canadian Food Inspection Agency, the PEI Department of Agriculture and Forestry and other agricultural groups such as the PEI Federation of Agriculture and the Canadian Horticultural Council on issues of importance to the industry.

Chicken Farmers of Prince Edward Island

Mandate – The powers of the Board to regulate and control the marketing of poultry in Prince Edward Island are found at section 38 of the Poultry Meat Commodity Marketing Regulations. The Board has also been delegated federal powers under the *Agricultural Products Marketing Act* (Canada) to regulate the marketing of Prince Edward Island chicken in interprovincial and export trade.

At December 31, 2013, the Board of Directors and staff were comprised of the following:

Board of Directors:

Dean Good, Chair
Katherine MacPhail,Vice Chair
Andre Merks, Secretary/Treasurer
Andrew MacPhail, Director
Barry Uyterlinde, CFC Rep.

Staff:

General Manager – Janet Hilliard-Murphy

Industry Statistics - In 2013, eight farmers marketed 5.137 million kilograms of chicken meat, compared to 5.0 million kilograms in 2012. Chicken producers Farm Gate Receipts during calendar 2013 were approximately $8.989 million, compared to $8.5 million marketed in 2012. The marked increase in total receipts was partly due to the increase in producer price because of the record feed expenses.

Activities

The Board reported on the following initiatives and activities during the year:

- ⇒ Allocation of Quota to Producers;
- ⇒ Continued work on differential growth and a long term allocation agreement.
- ⇒ Participation on regional, provincial, and national committees, including Chicken Farmers of Canada.
- ⇒ Chicken farms on PEI continue to maintain their 100% certification status for the On-Farm Food Safety Program as well as their certification for the Animal Care Program.
- ⇒ Participation in the broiler sector strategic plan to reduce the incidence of Salmonella Enteritidis in production facilities.
- ⇒ Implementation of a sector wide strategy to control, monitor and reduce antimicrobial use where possible.

Prince Edward Island Oyster Commodity Group

Mandate: On May 8, 2002, the Minister of Agriculture, Fisheries, Aquaculture and Forestry designate the Prince Edward Island Oyster Commodity Group as a commodity group under Part III of the *Act*.

The Oyster Commodity Group was formed primarily to collect funds from licensed fishers who harvest oysters from the public fishery. The funds collected are partnered with Provincial Government funds to develop and enhance the public fishery.

Board of Directors & Staff – At December 31, 2013 was comprised of:
Directors
Jason Simpson – Chair

Loman MacLean	Dennis Barriault
Allan Aucoin	Jimmy A' Hearn
James Wagner	Clifford Bernard
Nick Coughlin	Chad Gallant

Levis Collected – An annual levy of $50 is collected from each licensed oyster fisher who delivers oysters to a buyer. During 2013, gross fees valued at $12,250 were collected from 230 fishers by oyster buyers.

Pursuant to the *Natural Products Marketing Act,* fishers who do not wish to pay the levy may serve notice on the Group that the levy not be deducted. Fishers may also apply to the Group for a refund if the levy has been deducted.

Of the 230 fees collected, 0 oyster fishers requested a return and 14 fees were returned because they were deducted by more than one buyer. Net funds available to the Group for enhancement activities were $8,300.

Principal Activities – The following enhancement and other activities took place during 2013:
- Spat Project, in the Bideford area
- Invasive Species Project
- Sea Lettuce Project – to determine its value as a bio-project
- Collection of fees from buyers
- Oyster & Quahog Brood Stock Projects

Prince Edward Island Wild Blueberry Growers Association

Mandate – The Prince Edward Island Wild Blueberry Growers Association was designated a commodity group under Part III of the *Act* on August 10, 2001.

Board of Directors – On December 31, 2013, the Board consisted of:

Dave MacNearney, President
Claude McCardle, Vice President
Kevin McKenna
Bill Harper
Rob MacLean
John Handrahan, Treasurer
Stephanie Compton, Secretary
Kevin Carver
Greg Ryan

Levies – An annual levy of $0.008 per pound is collected from wild blueberry growers by processors. During 2013, approximately $120,000. in levies was remitted to the Board.

Similar to other commodity groups, under the *Act* the Association is required to refund levies collected from producers that object to the collection of levies. No grower has requested the return of their 2013 levies.

Statistics – PEI produced 15 million lbs. of wild blueberries in 2013. This is up approximately 7% compared to the 2012 crop of 14.2 million lbs. The five-year average is now 12.5 million lbs.

Industry Challenges – Prices remain the same as last year. Growers continue to manage weed species such as Hawkweed and Sheep Sorrel. Spotted Wing Drosophila is now widely distributed in PEI and growers are monitoring and controlling as necessary. Black Vine Weevil continues to cause localized damage in western PEI blueberry fields.

Principal Activities – The Association represents Island blueberry industry stakeholders on provincial issues and has representation on the Wild Blueberry Association of North America (WBANA). WBANA receives 62.5% of the levies collected and uses the money for generic promotion and health benefit research.

The Board was also involved in a broad range of education, promotion, research and industry advocacy activities.

The Association holds producer information sessions, demonstrations and tours in cooperation with Chris Jordan, Berry Crop Development Officer and Provincial Apiarist with the PEI Department of Agriculture & Forestry. In 2013, the Association hosted the Canadian Horticulture Council's Board of Directors for a

tour of the Wyman's processing plant and held a blueberry and blueberry puree tasting for 430 children in conjunction with Agricultural Awareness activities. A twilight meeting focussing on Spotted Wing Drosophila identification, IPM and control measures was held. Other soft fruit producers were invited to attend. Opening the PEI border to honey bee imports from other parts of Canada resulted in some additional hives being used for pollination.

The Board completed a Strategic Planning Session and a Business Plan. These activities resulted in the decision to hire a part time Executive Assistant. This position will be shared with the PEI Federation of Agriculture. Our membership continues to ask about alternative marketing strategies such as single desk selling, supply management and forward contracting. The Board intends to educate themselves about the various marketing strategies in the coming year.

The PEI Strawberry Growers Association

Mandate – The Prince Edward Island Strawberry Growers Association was designated a commodity group under Part III of the *Act* on July 3, 2013.

Board of Directors - As of December 31, 2013 the Board was as follows:
President: Arnold Nabuurs
Vice President: Alan Rennie
Treasurer: Claude McCardle
Secretary: Cheryl Good
Member at large: Barry Clohossey

Levies - A twenty dollar membership fee was levied by the Association. In addition, a voluntary levy of five dollars per thousand strawberry plants purchased was requested of all growers who purchased one thousand or more plants in 2013.

Principal Activities - The PEI Strawberry Growers Association was reorganized primarily to respond to an initiative by Québec strawberry producers to form a national strawberry marketing (research and promotion) agency. This is a process which is on-going and in which we are very interested. Administrative support was provided by the office of the PEI Federation of Agriculture.

An effort was made to stay abreast of progress in the development of the National Strawberry Marketing Agency and to be part of that process.

Industry Challenges - Production issues were also addressed. The most serious issue was a devastating virus complex that decimated some berry patches in 2013. The face of strawberry production on PEI will change due to the presence of this virus complex. Other issues addressed include:

- The presence of spotted wing drosophila on PEI;
- Upgrading Strawberry crop insurance to meet present day requirements;

Prince Edward Island Marketing Council

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